43rd *Annual* Report

PRINCE EDWARD ISLAND
LIQUOR CONTROL COMMISSION

Charlottetown, Prince Edward Island

ADDENDUM:

Page 17 ... Summary of Licenses in Effect

Dining Room	**150**	**138**

Page 21 ...

Debentures payable -

Current portion - Note 3	**120,888**	**172,965**

PROVINCE OF

PRINCE EDWARD ISLAND

FORTY-THIRD ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31ST

1991

LIQUOR CONTROL COMMISSION

92-07326/

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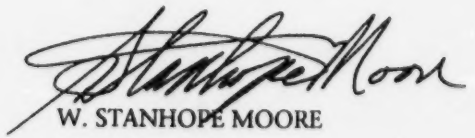
The Honourable Keith Milligan
Minister
Department of Agriculture
Province of Prince Edward Island
Charlottetown, P. E. I.

Sir:

In compliance with Section 94(3) of the P.E.I. Liquor Control Act, I have the honor to submit the Forty-third Annual Report of the Prince Edward Island Liquor Control Commission covering the fiscal year April 1, 1990, to March 31, 1991.

Respectfully Submitted,



W. STANHOPE MOORE
Chairman and
Chief Executive Officer

OPERATIONAL REVIEW

The Prince Edward Island Liquor Control Commission (P.E.I.L.C.C.) is a Prince Edward Island Crown Corporation responsible for the administration of the Liquor Control Act and Regulations, as well as for the purchase and sale of all beveraged alcohol in the Province.

The Commission, which is responsible to the Minister of Agriculture, consists of the Chairman and Chief Executive Officer, Secretary, and Commission Member. Senior operational, administrative, and licensing management personnel are responsible to the Commission for the execution of the Corporation's activities.

Another year has drawn to a close and the Commission continues to focus on its mission for the 90's - to provide the most efficient system of distribution of beveraged alcohol to the public, maintaining a high level of customer service, and maximizing revenues to the Minister of Finance while keeping in mind Government policies.

In order to meet the challenges of the 1990's, the Commission has established a strategic plan which includes our social responsibility to the residents of Prince Edward Island. To meet our goal, the Commission has taken major steps to increase our retailing, environmental, and computerization objectives.

The Commission has implemented the Federal Goods and Services Tax and has made adjustments in its mark-up structure in order to maintain "revenue neutrality" for the Province.

Finance & Administration

For the fiscal year ended March 31, 1991, gross sales were Fifty-Two Million, Six Hundred and Fifty-six Thousand Seven Hundred and Four Dollars ($52,656,704.00). This is an increase of .5 of 1% over 1989-90 fiscal year. Net profit for the year, plus health and sales taxes, totalled Twenty-Two Million, Five Hundred and Nine Thousand, Four Hundred and Fifteen Dollars ($22,509,415.00). This represents an decrease over the 1989-90 contribution to the Consolidated Revenue Fund by approximately 1%.

During the fiscal year, the Commission presented its Information Management Resource Plan to the Computer Priorities Committee. Approval was granted to develop a "Request for Proposal" for a Point of Sale retail system for the Commission.

Operations

The P.E.I. Liquor Control Commission presently operates sixteen (16) retail outlets of which thirteen (14) are self-service in design and two (2) are conventional or counter-type. During the year, the Commission opened a modern, self-service liquor store in Tyne Valley.

In addition, the Commission operates a central warehouse and Licensee Distribution Centre located in Parkdale on the outskirts of Charlottetown.

Licensing

The Licensing & Security Department remained active during the 1990-91 fiscal year. The year saw the three liquor inspectors perform 4,184 inspections at licensed premises. During these inspections, they have checked 599 people for proper age identification, dealt with control, overserving, overcrowding, and other areas of this responsibility.

The Inspection Staff performed nine (9) special investigations in addition to their regular duties. These investigations involved areas pertaining to minors, overserving of patrons, operation outside of hours, underage servers, and liquor entering premises illegally.

As a result of these investigations, two (2) licensed premises were given suspensions for violations of the Liquor Control Act and Regulations.

The Licensing and Security Department has been actively promoting responsible service of alcohol, and in this area, has put on 11 seminars involving approximately 200 people. These seminars cover responsible service of alcohol and the Liquor Control Act and Regulations. The Department plans to continue efforts in this direction during the coming year.

Members of the Licensing and Security Department have been actively participating on the Advisory Committee on Impaired Driving, the Implementation Committee on Impaired Driving, and the T.I.A.P.E.I. initiative on Responsible Service of Alcohol. These committees have been instrumental in the creation and implemention of recommendations put forth in the Advisory Committee on Impaired Driving Report to the P.E.I. Government resulting in changes in legislation in the area of impaired driving and the creation of a Server Intervention Program.

Part of the Licensing & Security Department's function is to ensure proper security is maintained at Commission Stores. In this area the staff have performed 205 checks, and as a result, our security equipment has been upgraded. This practice will continue in the next fiscal year.

The Licensing & Security Department acknowledges the valuable assistance of the R.C.M.P.; the Charlottetown, Summerside, and Borden Police Departments, and other enforcement agencies throughout the Province as well as all other Government Departments.

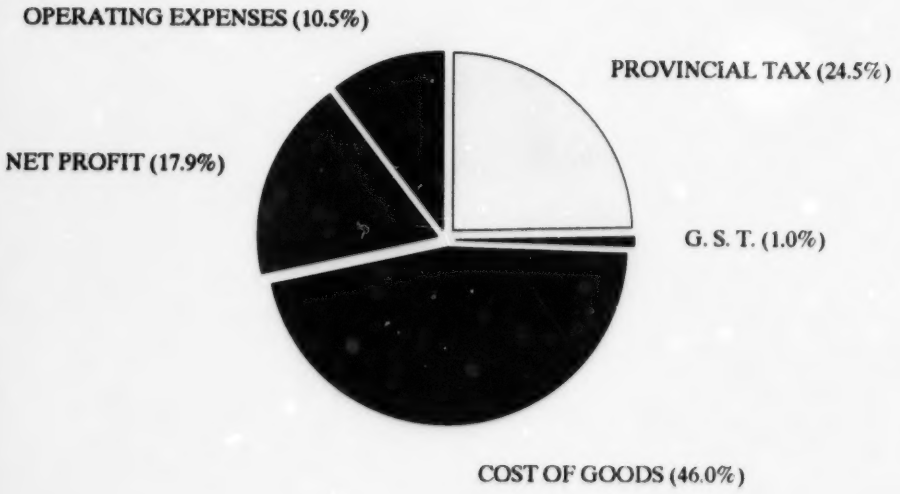
PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
ANALYSIS OF SALES BY RETAIL STORES
(For The Year Ended March 31, 1991)

	GROSS SALES		
	Year Ended March 31, 1991	Year Ended March 31, 1990	Increase (Decrease)
..			
ALBERTON	$ 1,318,479	$ 1,337,291	$ (18,812)
BORDEN	1,209,870	1,215,151	(5,181)
CARDIGAN	2,147,717	2,353,613	(205,896)
CH'TOWN - QUEEN ST.	3,681,308	3,681,009	299
KENSINGTON	1,654,034	1,629,298	24,736
LICENSEE DIST. CENTER	5,237,482	5,384,608	(147,126)
MONTAGUE	3,218,867	3,035,381	183,486
NORTH RUSTICO	2,044,054	2,174,605	(130,551)
O'LEARY	1,283,516	1,347,221	(63,705)
ROYALTY MALL	9,312,703	8,864,262	448,441
SHERBROOKE	4,589,758	4,747,928	(158,170)
SOURIS	2,234,941	2,299,384	(64,443)
SUMMERSIDE	3,730,752	3,612,638	118,114
TIGNISH	1,615,619	1,744,772	(129,153)
TOWERS	7,914,784	7,604,213	310,571
TYNE VALLEY	195,271	-	195,271
WELLINGTON	1,179,276	1,262,979	(83,703)
WAREHOUSE (SUNDRY)	88,273	73,965	14,308
	$52,656,704	$52,368,318	$288,386

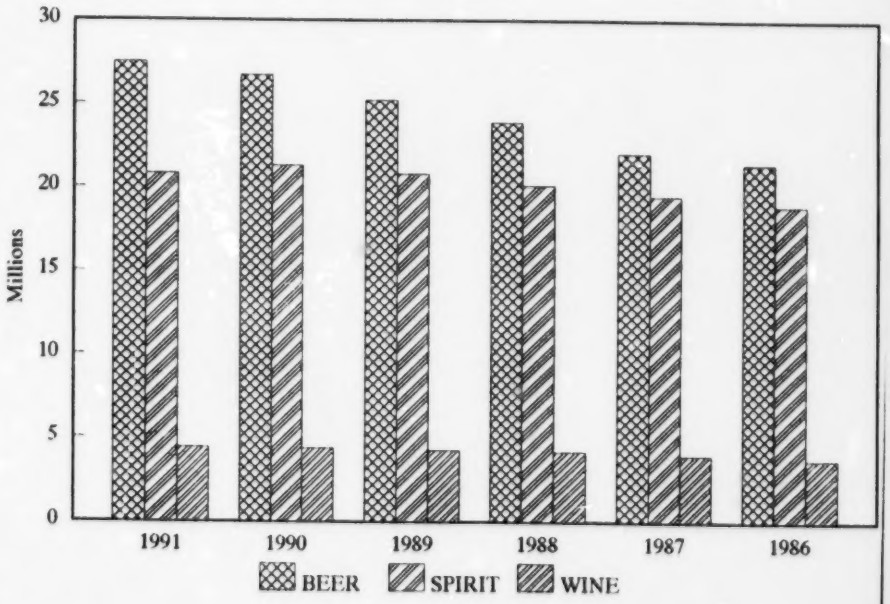
PRINCE EDWARD ISLAND
LIQUOR CONTROL COMMISSION
SUMMARY OF PROFIT AND EXPENSE RATIOS (IN OOO'S)
(For The Years Ended 1987-1991)

	1987	1988	1989	1990	1991
SALES	45,515	48,130	50,222	52,368	52,657
GROSS PROFIT	12,954	13,855	14,240	14,809	14,701
NET PROFIT	8,927	9,413	9,401	9,717	9,518
GENERAL AND ADMINISTRATIVE EXPENSES	4,215	4,679	5,067	5,387	5,565
GROSS PROFIT AS % OF SALES	28.5	28.8	28.4	28.3	27.9
NET PROFIT AS % OF SALES	19.6	19.6	18.7	18.6	18.1
GENERAL & ADMINISTRATIVE EXPENSES AS % OF SALES	9.3	9.7	10.1	10.3	10.6

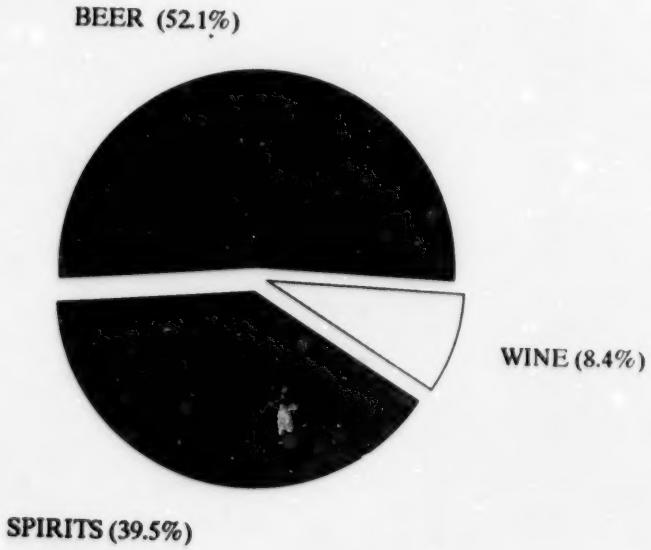
PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
DISTRIBUTION OF INCOME
(For The Year Ended March 31, 1991)



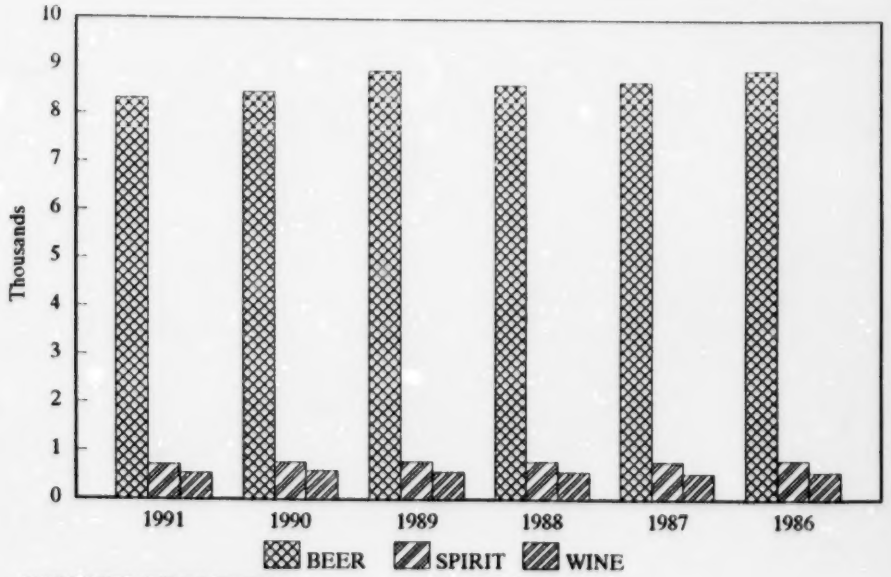
PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
RETAIL VALUES OF LIQUOR SOLD 1991-1986
(For The Year Ended March 31, 1991)



PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
SALES 1990/1991



PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
VOLUME COMPARISON 1991-1986



VOLUMES: KILOLITERS

LICENSES IN EFFECT AS OF MARCH 31, 1991 AND IN COMPARISON WITH 1990

	1991	1990
1. **MILITARY CANTEEN LICENSES**	26	26
2. **CLUB LICENSES**	74	72

Club Licenses were granted to:

Charlottetown Recreation Deaf Club
Kiwanis Club of Charlottetown

3. **DINING ROOM LICENSES**	150	138

Dining Room Licenses were granted to:

Seafood Delight Restaurant
Orient Hotel
Rollo Bay Inn
Brehaut's Restaurant
Spry Point Cooperative
Landmark Cafe
Case Mia Dining-Room
Holiday Haven Dining-Room
Four M's Restaurant
Rocky Point Restaurant
Myron's Dining-Room
Pizza Delight 1911 Jail
Simon's Restaurant
Stan of Green Gables
Terrace Heights
Clam Basket Dining-Room
Maypoint Eatery
Charlottetown Playhouse Dining-Room
Strawberry Patch
West Royalty Cafeteria
Muriel's Country Kitchen
Whim Inn Dining-Room
Morell Legion Dining-Room
Peartree
Platter House

4. **LOUNGE LICENSES**	68	66

Lounge Licenses were granted to:

Rollo Bay Inn Lounge
Hooie's Lounge
Holiday Haven Lounge
Four M's Lounge
Brackley Beach Entertainment Centre Lounge
Myron's Lounge
Godfathers Lounge
Simon's Lounge
Sand Bar Lounge
Bear's Sports Bar
Charlottetown Playhouse Lounge
Whim Inn Lounge

5. **SPECIAL PREMISES LICENSES**	4	2

Special Premises Licenses were granted to:

Strathgartney Golf Club
Charlottetown Civic Center

6. **CATERER'S LICENSES**	3	1

Caterer's Licenses were granted to:

Brother's Two
Charlottetown Hotel

LICENSES VOLUNTARILY SURRENDERED OR NOT RENEWED AND IN COMPARISON WITH 1990

	1991	1990
1. CLUB LICENSES	0	4
2. DINING ROOM LICENSES	13	4

Licenses Surrendered or Not Renewed:

Casa Mia Dining-Room
Aberdeen Restaurant
Myron's Dining-Room
Pizza Delight 1911 Jail
Terrace Heights
Kingsway Motel
Platter House
Pleasant View Campground
Village Inn Restaurant
Village Inn Restaurant
Galley Restaurant
Holiday Haven Campground
Carole's Place
North River Seafood Hut

3. LOUNGE LICENSES	10	13

Licenses Surrendered or Not Renewed:-

Denver's Lounge
Myron's Lounge
Kingsway Motel Lounge
Pleasant View Campground
Village Inn Lounge
Twisted Keel Lounge
Holiday Haven Lounge
Senator's House Lounge
Capt. Cook's Lounge
Ship to Shore Lounge

4. MILITARY CANTEEN LICENSES	0	0

5. SPECIAL PREMISE LICENSES	0	0
6. CATERERS LICENSES	0	0

SUMMARY OF LICENSES IN EFFECT

Military Canteen	26	26
Club	74	72
Dining Room	50	138
Lounge	68	66
Special Premises License	4	2
Caterer's License	3	1
	325	305

During the 1990-91 fiscal year, the Licensing Department issued 43 new licenses and 23 licenses were either not renewed or were voluntarily surrendered.

PERMITS ISSUED

Class I	122
Class II	779
	901

WAITER'S LICENSES ISSUED

Waiter's Licenses Issued	1,243

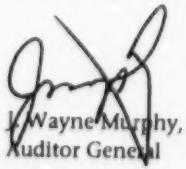
AUDITOR'S REPORT

To the Commissioners of the
Prince Edward Island Liquor Control Commission

I have audited the balance sheet of the Province of Prince Edward Island Liquor Control Commission as at March 31, 1991 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the Liquor Control Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1991 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.



J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
June 8, 1991

STATEMENT 1

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
BALANCE SHEET
MARCH 31, 1991
(with comparative figures at March 31, 1990)

ASSETS

	1991	1990
CURRENT ASSETS		
Cash	$ 731,210	$ 793,572
Accounts receivable	206,158	24,491
Inventories - Note 1(b)	2,174,102	2,398,130
Prepaid expenses	73,733	75,116
	$3,185,203	$3,291,309
FIXED ASSETS		
Land, buildings and equipment at cost less accumulated depreciation- Notes 1(a) and 4	1,186,765	1,385,754
Leasehold Improvements at cost less accumulated amortization Notes 1(a) and 5	205,486	236,119
	$1,392,251	$1,621,873
	$4,577,454	$4,913,182

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
BALANCE SHEET
MARCH 31, 1991
(with comparative figures at March 31, 1990)

LIABILITIES

		1991		1990
CURRENT LIABILITIES				
Trade accounts payable		$1,610,930		$ 849,002
Accounts payable - other		233,456		162,351
Accrued interest		13,436		22,679
Deferred revenue		4,290		5,250
Current portion - Note		3 120,888		172,965
Due to the Minister of Finance-Note 1(c)		$1,323,091		$2,252,027
		$3,306,091		$3,464,274
LONG TERM LIABILITIES				
Due to the Minister of Finance with respect to net fixed assets - non-interest bearing - Note 1(c)		845,338		901,995
Debentures payable - Note 3	$546,913		$719,878	
Less: Current portion	120,888	426,025	172,965	546,913
		1,271,363		1,448,908
		$4,577,454		$4,913,182

(The accompanying notes are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION:

COMMISSIONER: Stanley Moore

COMMISSIONER: Colston Wood

STATEMENT 2

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1991
(with comparative figures for the year ended March 31, 1990)

		1991		1990
SALES		$52,656,704		$52,368,318
Less: Provincial Health Tax	$ 9,241,331		$ 9,327,801	
Provincial Sales Tax	3,750,032		3,675,009	
Federal Goods and Services Tax	548,037	13,539,400	—	13,002,810
NET SALES		39,117,304		39,365,508
COST OF GOODS SOLD				
Beginning Inventory	2,398,130		2,267,968	
Purchases	24,192,152		24,686,947	
	26,590,282		26,954,915	
Ending Inventory	2,174,102	24,416,180	2,398,130	24,556,785
GROSS PROFIT		14,701,124		14,808,723
EXPENSES				
Salaries and employee benefits - Note 6	4,007,532		3,812,396	
Rent - Note 2	317,579		305,369	
Heat and electricity	214,855		185,004	
Store supplies and office expense	181,774		179,802	
Depreciation	267,671		252,716	
Repairs and maintenance	111,841		185,245	
Insurance and taxes	116,406		104,714	
Interest on long term debt	80,973		102,910	
Travel	79,480		82,389	
Other operating expenses	187,388	5,565,499	176,082	5,386,627
		9,135,625		9,422,096
OTHER INCOME		382,427		295,278
NET INCOME - Note 1(c)		$ 9,518,052		$ 9,717,374

(The accompanying notes are an integral part of these financial statements).

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. **Summary of significant accounting policies**

   (a) Depreciation and Amortization
   Depreciation of buildings, furniture and equipment and amortization of leasehold improvements are calculated on a straight line basis at the rates indicated in Notes 4 and 5.

   (b) Inventories
   Inventories are valued at cost based on the latest invoice price which is not in excess of net realizable value.

   (c) Net Income
   All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Consolidated Fund on a continuing basis as excess cash becomes available. Any funds received from operations which are used to finance net additions to fixed assets are withheld by the Commission and treated as long term loans from the Province.

2. The Prince Edward Island Liquor Control Commission leases eight retail outlets. All of these retail outlets have written lease agreements and the maturity dates for these leases are between 1991 and 1996. The leases have a total basic yearly rent of approximately $328,890.

3. Debentures Payable - Province of Prince Edward Island

	Balance March 31, 1991	Less Current Portion	Long Term Liability
North Rustico Repayable in equal annual installments of $64,295 including interest @ 15.5% per annum, maturing September 1, 1991.	$ 55,593	$ 55,593	$ —
Kensington Repayable in equal annual installments of $24,363 including interest @ 18% per annum, maturing January 1, 1992.	20,581	20,581	—
O'Leary Repayable in equal annual installments of $52,553 including interest @ 11.75% per annum, maturing February 1, 1998.	241,753	24,147	217,606

	Balance March 31, 1991	Less Current Portion	Long Term Liability
Wellington			
Repayable in equal annual installments of $17,159 including interest @ 11.25% per annum, maturing February 1, 1998.	$ 80,204	$ 8,136	$ 72,068
Montague			
Repayable in equal annual installments of $29,169 including interest @ 11.25% per annum, maturing March 1, 1999.	148,782	12,431	136,351
	$546,913	$120,888	$426,025

4. Fixed assets at cost less accumulated depreciation consist of the following:

		1991			1990
	Depreciation Rate	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	-	$ 100,157	$ -	$ 100,157	$ 100,157
Buildings	5%	2,984,805	2,093,012	891,793	1,031,606
Equipment	10-33%	729,721	534,906	194,815	253,991
		$3,814,683	$2,627,918	$1,186,765	$1,385,754

5. Leasehold improvements are amortized over the terms of the leases.

	1991			1990
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Leasehold Improvements	$429,308	$223,822	$205,486	$236,119

6. Benefits: The employees of the Liquor Control Commission are entitled to pension benefits under the terms of their employment. The employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of P.E.I. and are not reflected in the Commission's financial statements.